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SUBJECT: Normalized Piracy: A Glimpse at DVD Shops in
Guangzhou

(U) This message is sensitive but unclassified. Please
handle accordingly.

¶1. (SBU) Summary. A recent visit to a number of Guangzhou stores selling pirated DVDs showed how embedded the industry is in the Chinese economy. The relative ease with which these stores operate indicates that, at least in Guangzhou, recent crackdowns have not acted as a deterrent. End summary.

¶2. (SBU) On August 5, Econ/Pol intern visited a number of Guangzhou stores selling pirated DVDs, listed in a guide to the city. The small stores, located amongst other stores on the ground floor of apartment building, had lists of DVDs with accompanying cover photos but without explanations of the films' plots. Once a customer has made his selections, an employee goes up to an apartment where the DVDs are stored to fetch them. Customers are often invited up to apartments to browse the selection directly; this happened to Econ/Pol intern in two stores.

¶3. (SBU) Both apartments that Econ/Pol intern visited were people's homes on upper floors of the same building, which doubled as storage spaces for DVDs. In both, the DVDs were located in spare rooms. In the first apartment, a woman and her daughter, probably about eight years old, attended the approximately five customers. In the other, a woman and a man who appeared to be in their twenties attended the approximately ten customers. Each store had a large number of DVDs, about 2000 to 4000. According to the employees, both stores have been in existence for over ten years.

Comment

¶4. (SBU) This visit revealed how the illegal practice of selling counterfeit DVDs has become normalized for many Chinese. The shops at the ground level of the apartment were situated among stores selling other goods, and during this visit a policeman stood nearby. The businesses do not need to keep on the move or remain underground; they have been in the same spot for over ten years. In addition, it is noteworthy that enforcement against the ground floor shops would have no impact, since the actual product is

located elsewhere. This practice, which Congenoffs have also encountered in Shenzhen, allows the shops to be in a prominent location without risk of being shut down. It's likely that this tactic is the result of previous crackdowns, and in past years the ground floor shops may have held the actual merchandise. Nevertheless, for these shopkeepers the pirated-DVD business does not have the air of illegality that Westerners normally associate with it.
End comment.

MARTIN